

Message Text

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TO SECSTATE WASHDC 8267

C O N F I D E N T I A L KUALA LUMPUR 5199

E.O. 11652: GDS

TAGS: PFOR, SGEN, MY

SUBJ: APPRAISAL OF THE PEACE CORPS PROGRAM IN MALAYSIA

INCLUDING FY 76 PROGRAM

REF: STATE 236947

1. PARA 5 OF REFTEL REQUESTS MY BEST JUDGMENTS ON FIVE SPECIFIC QUESTIONS REGARDING THE PEACE CORPS PROGRAM IN MALAYSIA DURING FY 76. MY COMMENTS WHICH FOLLOW ARE ADDRESSED TO THOSE QUESTIONS ONLY (AND ARE KEYED TO PARA 5 OF REFTEL). I AM NOT RPT NOT IN THIS MESSAGE RESPONDING TO THE DEPARTMENT'S INVITATION FOR OTHER GENERAL COMMENTS BECAUSE WE ARE NOW ENGAGED AT THIS POST IN TAKING A VERY CLOSE LOOK AT PC ACTIVITIES IN GENERAL AND IT WOULD BE PREMATURE TO COMMENT FURTHER PENDING THIS REVIEW.

2. A & B. GOM CONTRIBUTES PRIMARILY IN KIND TO THE AMERICAN PC PROGRAMS IN THIS COUNTRY. ALTHOUGH THIS CONTRIBUTION IS NOT INSIGNIFICANT IT DIFFERS FROM THE CONTRIBUTION THE GOM MAKES TO COMMONWEALTH PC PROGRAMS. IN THOSE PROGRAMS, INDIVIDUAL VOLUNTEERS RECEIVE AN AGREED UPON MONTHLY ALLOWANCE WHICH SIGNIFICANTLY REDUCES THE BUDGETARY COSTS OF THE SENDING COUNTRIES. IT WOULD REQUIRE MORE ANALYSES THAN WE CAN UNDERTAKE IN THIS TIME FRAME TO DETERMINE HOW MUCH GREATER A CONTRIBUTION (AND WE
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BELIEVE IT IS GREATER) THE GOM MAKES TO COMMONWEALTH

PROGRAMS THAN TO OURS. THE MOST RECENT DEVELOPMENT, HOWEVER, IS THAT WE UNDERSTAND THE GOM IS CONSIDERING MAKING A STANDARD INDIVIDUAL ALLOWANCE CONTRIBUTION TO ALL PC PROGRAMS INCLUDING OUR OWN. AT THE SAME TIME WE UNDERSTAND THE GOM IS CONSIDERING RAISING THE LEVEL OF ITS STANDARD CONTRIBUTION TO ALL THESE PROGRAMS IN RECOGNITION OF THE RAPIDLY RISING COST OF LIVING HERE. WE DO NOT KNOW YET WHAT THE NET AFFECT OF THIS MIGHT BE ON PC BUDGETARY COSTS, BUT IT WOULD SEEM TO MEAN THAT THE ANSWER TO THE QUESTION POSED IS: THE LIKELY RESPONSE OF THE GOM TO A REQUEST THAT IT INCREASE ITS CONTRIBUTION HERE WOULD BE POSITIVE AND CONVERSELY WE DOUBT THAT THE GOM WOULD REFUSE TO MAKE A CONTRIBUTION. WHETHER THIS INCREASED CONTRIBUTION WOULD BE ENOUGH SIGNIFICANTLY TO REDUCE OUR BUDGETARY COSTS IS A QUESTION WE CANNOT YET ANSWER.

C. THE IMPACT ON U.S. INTERESTS AND OBJECTIVES IN MALAYSIA IN THE EVENT OF TERMINATION OF THE PC PROGRAM WOULD DEPEND UPON THE WAY IT WAS DONE. AN ABRUPT TERMINATION WOULD PROBABLY APPEAR TO THE GOM AND TO THE MALAYSIAN PUBLIC TO HAVE POLITICAL IMPLICATIONS THAT WE HAD NOT INTENDED. ON THE OTHER HAND A TACTFULLY HANDLED PHASING OUT OF THE PC PROGRAM WOULD HAVE ONLY MARGINAL IMPACT ON OUR OBJECTIVES HERE.

D. WE DO NOT HAVE A BILATERAL AID RELATIONSHIP WITH MALAYSIA. THIS COUNTRY RECEIVES SOME U.S. AID FOR POPULATION PLANNING AND SOME THROUGH THE REGIONAL ECONOMIC DEVELOPMENT PROGRAM. NEITHER OF THESE PROGRAMS IS CENTRAL TO OUR INTERESTS HERE, NOR IS THERE REASON TO BELIEVE THEY WOULD BE AFFECTED BY THE TERMINATION OF THE PC PROGRAM.

E. AS NOTED ABOVE THERE ARE INDICATIONS THAT THE GOM WILL BE WILLING TO CONTRIBUTE MORE TO THE FY 76 PROGRAM. FOR THE MOMENT, I WOULD MUCH PREFER INSISTING UPON A GREATER CONTRIBUTION AS A MEANS OF SMOKING OUT JUST HOW MUCH IMPORTANCE THE GOM ATTACHES TO PC RATHER THAN CUTTING BACK PROGRAMS IN ORDER TO ACHIEVE BUDGETARY SAVINGS. THIS APPROACH OF COURSE
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WOULD NOT BE INCONSISTENT WITH CUTTING PROGRAMS LATER IF THAT BECOMES NECESSARY.
UNDERHILL

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